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DE RUEHAH #1110/01 2450702
ZNR UUUUU ZZH
P 020702Z SEP 09
FM AMEMBASSY ASHGABAT
TO RUEHC/SECSTATE WASHDC 3390
INFO RUCPDO/DEPT OF COMMERCE WASHDC PRIORITY
RUEATRS/DEPT OF TREASURY WASHDC PRIORITY
RUCNCLS/ALL SOUTH AND CENTRAL ASIA COLLECTIVE
RUCNCIS/CIS COLLECTIVE
RUCNMEM/EU MEMBER STATES COLLECTIVE
RUEHAK/AMEMBASSY ANKARA 5610
RUEHBJ/AMEMBASSY BEIJING 3329
RUEHKO/AMEMBASSY TOKYO 3193
RUEHIT/AMCONSUL ISTANBUL 3853
RUCNDT/USMISSION USUN NEW YORK 1112
RHMCSUU/CDR USCENCOM MACDILL AFB FL
RUEHVEN/USMISSION USOSCE 3853
RUEAIIA/CIA WASHDC
RHEFDIA/DIA WASHDC
RHEHNSC/NSC WASHDC
RUEKJCS/SECDEF WASHDC
RUEKJCS/JOINT STAFF WASHDC

UNCLAS SECTION 01 OF 02 ASHGABAT 001110

SENSITIVE

SIPDIS

STATE FOR SCA/CEN; EEB; NEA/IR
ENERGY FOR EKIMOFF/BURPOE/COHEN
COMMERCE FOR EHOUSE

E.O. 12958: N/A

TAGS: [EPET](#) [PGOV](#) [EINV](#) [ECON](#) [TX](#)

SUBJECT: TURKMEN GAS NOT TO REACH BULGARIA SOON

REF: ASHGABAT 886

11. (U) Sensitive but unclassified. Not for public Internet.

12. (SBU) SUMMARY: During an August 27 meeting between Bulgarian President Dmitry Pyrvanov and Turkmen President Gurbanguly Berdimuhamedov, the Pyrvanov announced that Bulgaria is ready to import more than 2 bcm of Turkmen gas, and Berdimuhamedov pledged that Turkmenistan is ready to supply the proposed volumes. Neither president mentioned how potential gas supplies from Turkmenistan would get to Bulgaria, given there is no current, plausible route. In addition, neither president signed any official agreement to reinforce their statements. END SUMMARY.

13. (SBU) The Bulgarian and Turkmen heads of state first raised the idea during Pyrvanov's visit to Ashgabat in December 2008. They even signed a memorandum of understanding on cooperation in energy, which has not been published in Turkmenistan. Pyrvanov also mentioned that the two countries would look into the possibility of using existing routes, at least until such time as Nabucco would be built.

14. (SBU) Providing two bcm per year is not a problem for the Turkmen gas industry, but finding viable supply routes is an issue. Technically, there are two options to transport Turkmen gas to Bulgaria. One of them is through Russia. The Russian route would take Turkmen gas through pipelines crossing the territories of Uzbekistan, Kazakhstan, Russia, Ukraine, Moldova, and Romania to reach Bulgaria. But, realistically, this route is not viable both due to political and economic factors. The Russian Government and Gazprom are unlikely to agree to transport Turkmen gas to any European country, as such an arrangement would supplant Russia's roles as gas supplier to Europe and main customer for Turkmen gas. Even if the Russians agreed to take up the transit role in lieu of supplier, the transportation costs would be so high that the price of Turkmen gas would not be competitive by the time it reached Bulgaria.

15. (SBU) The second option is through Iran. Via this option, Turkmen gas would cross a significantly shorter distance than the Russian option and only three countries: Iran, Turkey, and Greece. The existing pipelines: Korpeje - Kurdkuyi (NOTE: Dowletabat - Khangiran will come on stream in December. (reftel) END NOTE), Tabriz - Erzurum, and the Turkey - Greece Interconnector linking the Turkmen, Iranian, Turkish, and Greek gas networks are sufficient to transport two bcm of Turkmen gas to the Greek city of Komotini. From Komotini, Bulgaria plans to build a 168-kilometer pipeline to the Bulgarian city of Stara Zagora. Gas swap deals could also be arranged with Iran to improve the economic feasibility of such supplies and solve some technical difficulties. But the Turkey - Greece Interconnector is dedicated to gas from the Azeri Shahdeniz field, and Turkmen gas would only get into that pipeline if there were insufficient supplies of Azeri gas. There is another pipeline connecting Bulgaria and Turkey, but it is used to transport Russian gas from Bulgaria to Turkey and will not be reversed to pump Turkmen gas the opposite direction.

16. (SBU) COMMENT: Turkmen gas is unlikely to reach Bulgaria any time soon. Getting Turkmen gas to Bulgaria could only happen if/when Nabucco comes on line. At present, the statements of the two presidents seem to be nothing more than declarations of intent. For Bulgaria, such a declaration is another argument in favor of Nabucco, from which Bulgaria would definitely benefit. For Turkmenistan, such declarations have become a part of its pipeline diversification policy. In the end, however, Turkmenistan's expressed willingness to provide gas to customers besides Russia is most likely intended to strengthen Turkmenistan's bargaining position in negotiations with the Russians on resuming gas shipments. END COMMENT.

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